

Message Text

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43

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 1721

C O N F I D E N T I A L KINSHASA 2224

LIMDIS

E.O. 11652: GDS

TAGS: CG EFIN

SUBJECT: FNCB AND DEBT RESCHEDULING

1. WE HAVE IT FROM SEVERAL SOURCES THAT PRESIDENT MOBUTU HAS BEEN CONSIDERING WITH HIS ADVISERS POSSIBILITY OF EITHER SHORT MORATORIUM ON FOREIGN DEBT SERVICE OR EFFORT TO RESCHEDULE DEBTS. I AM NOT ATTRACTED TO THIS APPROACH AND HAVE BEEN REASSURED TO NOTE THROUGH THE GRAPEVINE THAT MOBUTU FOR HIS OWN REASONS HAS NOT LIKED IT EITHER. HOWEVER, HE HAS APPARENTLY NOW GIVEN GO-AHEAD TO SAMBWA TO TRY TO ARRANGE CREDITORS MEETING IN LONDON IN LATE APRIL.

2. HARD INFORMATION ON THIS COMES MOST RECENTLY FROM SHEP SPINK OF FNCB WHO HAS BEEN ASKED BY SAMBWA TO GET SENIOR FNCB OFFICER TO KINSHASA FOR DISCUSSIONS. IDEA IS THAT FNCB MIGHT BE SPOKESMAN FOR GOZ OR AT LEAST RESPONSIBLE GO-BETWEEN WITH INTERNATIONAL BANKING COMMUNITY. SPINK IS GOING TO SUGGEST THIS ROLE BE ASSUMED BY IRVING FRIEDMAN WITH CLEAR UNDERSTANDING THAT IF INITIAL TALKS IN KINSHASA DO NOT GO WELL, THERE NO COMMITMENT ON PART FNCB. SAMBWA ALSO RAISED POSSIBILITY THAT GOZ HIRE FNCB OR OTHER WELL KNOWN FINANCIAL MANAGER TO OVERSEE REFORM PROGRAM.

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3. SPINK ASKED MY VIEWS AND I TOLD HIM HAVING ANOTHER

SOLID BANKER IN THE ACT WOULD PROBABLY BE GOOD IDEA.
AS FOR FNCB FILLING ROLE ORIGINALLY ENVISAGED FOR IMF,
I COULD ONLY SAY THAT THAT PRESENTED BOTH DANGERS AND
OPPORTUNITIES. AS FAR AS LONDON MEETING AMONGST BANKERS
WAS CONCERNED, I WOULD BE FOR IT IF BANKERS WOULD MAKE
CLEAR THAT MOBUTU'S FINANCIAL REFORM PROGRAM NEEDED IMF
BLESSING, PARTICIPATION AND SUPERVISION. IF BANKERS
WERE, ON CONTRARY, TO AGREE TO RESCHEDULING ON BASIS
ONLY OF PRESIDENT'S PROMISE TO FOLLOW IMF PRESCRIPTIONS,
I WOULD BE CONCERNED THAT BANK EFFORTS WOULD BE MERE
PALIATIVE POSTPONING DAY OF RECKONING.

4. IT STRIKES ME AS SIGNIFICANT THAT TIMING ENVISAGED FOR
LONDON MEETING IS MORE OR LESS COINCIDENT WITH WHEN
MOBUTU WILL LEARN IF LARGE PETRODOLLAR LOAN IS FOR REAL.
DEVLIN QUOTES SAMBWA AS BEING SKEPTICAL ABOUT PETRODOLLAR
LOAN AND IT MAY BE THAT SAMBWA ALSO ENVISAGES USING BOTH FRIEDMAN
VISIT AND LONDON MEETING AS TACTICS TO BRING MOBUTU FURTHER TOWARD
SOLID PROGRAM WITH KIND OF IMF INPUT THAT WOULD BE CREDITABLE
TO INTERNATIONAL BANKING COMMUNITY. I BELIEVE FRIEDMAN
VISIT WOULD BE VERY USEFUL. IF FNCB ASKS, OR IF
DEPT HAS APPROPRIATE OPENING, SUGGEST AF/C ENCOURAGE
FNCB TO AGREE TO FRIEDMAN VISIT.
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